[Shri N. K. P. Salve]

to meet the people concerned. Therefore, I would urge upon the Members not to repeat this issue here.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): The matter should rest here.

THE REMITTANCES OF FOREIGN ECHANGE AND INVESTMENT IN FOREIGN EXCHANGE BONDS (IMMUNITIES AND EXEMPTIONS) BILL, 1991

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): We proceed to the legislative business, the Remittances of Foreign Exchange and Investment in Foreign Exchange Bonds (Immunities and Exemptions) Bill, 1991.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: (Maharashtra): Befre that I may,..

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): On the Bill? Now let us proceed.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: On the Bill only.

SHRI A. G. KULKARNI: (Maharashtra): Do you want to move or what?

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): It has been moved already.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: It has been moved already. I just want to say two sentences for a clarification from him.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Let the debate be over. You can mention that afterwards.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: With your permission....

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You can mention that when he speaks. He is going to speak. At that time you can mention that.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: That may be at the end of it.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Yes, Yes. He will take it into account.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: He must know my point so that he deals with it in his speach.

SHRI A. G. KULKARNI: You speak when your turn comes.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Today I am not slated to speak. I have a very, very minor, small but important clarification to be sought. I will ask it in half a minute.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): What is it? But this is not the procedure, because they are listed here.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Only half a minute it will take. By this time I would have finished.

The object of the Bill is to see that foreign exchange from outside comes in. It is rather unfortunate that large sums of money are also staked in foreign exchange by Indian citizens themselves. I find from the definition of 2(b) on remittance. It says:

> "remittance" means remittance made in foreign exchange by any person resident outside India to a person resident in India..."

I want to know whether this Bill would also cover a case where a person resident in India who has staked his money in foreign exchange outside can bring it under this immunity scheme. I know that it is only an immunity scheme and it does not

save such a resident from the shame of being unpatriotic, cheating the law and depriving the country of valuable foreign exchange.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Maheshwarappa.

SHRI K. G. MAHESHWARAPPA (Karnataka): Sir, I will speak on the Special Protection Group Bill.

SHRI ASHIS SEN (West Bengal): Here on this Bill I don't think there is any controversy on the question of remittances in foreign exchange and investment in foreign exchange bonds. The main issue with which we are concerned—I am concerned with at least—is the issue of immunities and exemptions. All we have known by now is the situation in which our economy particularly in relation to foreign exchange has been placed by successive Governments over the period of last ten years or so. So, the plight today is such that our foreign exchange position demands and warrants—as has been proposed by the Government—that we should go in for more and more collection of foreign exchange, whatever may be the manner and so on. A little earlier we have heard in a Special Mention that IMF has been allowed to open its office in New Delhi. I am not on the technical details of it, but basically it indicates our total approach, what we feel about the IMF and the World Bank. We have, in the media, a finding that we are of late inducting about Rs. 17,000 crores to 18,000 crores into our economy from the IMF and other sources. Only the other day we found that we have been given another Rs. 1,100 crores as short-term credit. The question is to correct the position, the morass into which our country has been thrown by the economic policy-makers of our country gradually and fbsystematically. We have been dragged into a position of debt trap from which we are not in a position to come out. And now we are going in for more and more traps. That is what I feel about it.

This Bill is to collect foreign exchange. There is no dispute that NRIs and others should be induced to bring in foreign exchange within our country. But then why should it not be through a normal process? If they are so patriotic that NRIs want to develop the country or take the country out of the problem in which it is, so far as our foreign exchange position is concerned, then why should it be that we should ask them to move with a licence that they would not be covered under any rule or law that is operating in our country That is where my objection comes in. They will be free from all liabilities and responsibilities. They will not be called upon to disclose the sources also. It means that our eyes are on the black money. Earlier it was a case of black money within the country. Now we are enlarging the net for laundering the black money abroad. Whether it is proper or not, it has got to be seen, but I am not in a position to find that there will be any investigation to find out wherefrom they have got the money. It will not be investigated whether it is a normal course of transaction or they are having their black money whitened here. They are to be freelance investors. All liberty is being given to them to whiten their black money. I do not know whether it is a political approach of the Government. For all the misdeeds of the economic and anti-social elements, they will be given all types of protection. I am sorry to comment like that. Now the remittances of foreign exchange is not simply by investment from abroad. There are so many exporters from our country. I said the other day the Government are exporting goods worth crores of rupees. But the foreign exchange proceeds which ought to be repatriated to our country are not coming to us. We have not taken any steps

[Shri Asish Sen]

as to how that foreign exchange can be brought back to our country. Under the export and import process, they should have brought in that money but they did not do so. Now they are giving them free licence. If they bring in that money, they will not be asked to disclose how it has come; and they will not be subjected to taxes under any law. So they will not be hauled up how that money has come into our country. May I know from the Minister whether this is the way to improve our economic situation? The provisions of this Bill will be fully utilised by those persons. They should have brought that money under the normal procedure. Now, they will bring it in the form of bonds. They will bring it in the form of some other remittances for which the Government will not authorise any court or any investigating authority to know how that money has come and from where it has come.

Then again a question comes. Take clause 5 of the Bill. It speaks about the "overseas corporate body". It means any institution, association or body, etc., wherein any non-resident Indian has any interest. Now, there can be a corporate body, corporated by the people who are not NRIs. Somehow or the other they will drag in one of the NRIs into that corporate body. Then, it becomes free from all the liability. They will have the full freedom under this Bill to utilise black money for bringing it into this country. They will be allowed full interest thereon. Probably we should not have encouraged it. What I feel is that this is a source of generating black money within the country and abroad. Now we are inviting foreign investment. Now if this is allowed to develop, who will be benefited by this?

We have been discussing about the BCCI issue. What was the nature of BCCI operations?... (*Interruptions*).. We know the manner in which they converted illegal money into legal money. That was the operation of the BCCI. Now, this is sought to be legalised in our country. In India we are going to legalise this type of operation. Recently BCCI has been hauled up for this type of operation. Now, the Government of India comes with the same type of operation in a different form. If it comes that will become legal and nobody will be questioning about it. We shall be discusssing a little later about the voluntary deposits scheme and the question of Immunities and Exemption Bill with regard to internal money. Now if I deposit some money with the Housing Board that need not be identified from where it has come. I need not disclose anything. If this Bill is associated with the voluntary deposits, if taken together, the Government will become not only the protector but the promoter of generating black money in our country as well as abroad in some form or the other. That is where my objection comes. The next generation will look upon us and say "There was a legislation. There was a Government. They not only allowed the country to be sold in the name of foreign exchange resource crunch but gradually they allowed a set of people within our society where black money will be the foundation of all our economic activity." As far as I am concerned and as far as my party is concerned which I represent, we cannot associate ourselves within such a type of step which will help creation of anti-social activities under the grab of rescuing our country from the economic morass in to which for the last ten years, the successive Governments have thrown us. If this is going to be the political approach—how to encourage and cover up these things —I will request Mr. Thakur who is present here and the Ministry and the Government he represents, to think about this. Let us think about other ways of mobilising foreign exchange. Mobilisation should not be made in the manner we are doing

it now. It would encourage black money and laundering black money into white. In the soil of our country, it is sought to be legalised. Gradually we are throwing the country to that point where the likes of BCCI could operate. That type of position we are leading our economy and country today. I still request for a review of it and find out some other ways how this foreign resource crunch can be solved. I am not in a position to associate myself with this measure and I hope that the Minister will think of other ways. Sir, I thank you for giving me extra time.

SHRI N. K. P. SALVE (Maharashtra): Sir, I support this measure wholeheartedly because I think it is one of the few sensible proposals contained in the Budget for 1991-92. This is the real measure which will help the problem of the balance of payment position. May be, black money will be sought to be legalised and there is plenty of moral indignation by some people who have always said that allowing black money to be brought into the regular channel is very highly immoral. That is one aspect of the matter. But there are two things I want to point out. If it is immoral to allow black money to be brought into the regular and official channel by a concessional provision or at a concessional rate of taxation or at a concession, this is certainly not the first time; this must be the 'n'the time. So many times we have done it because black market and black money are realities and if black money exists today, 90 per cent of the fault vests in the faulty laws which we have made in this country. I go to that extent.

Secondly, what is the alternative? You see what happens. Let us understand the rationale of this measure. Maybe monies are stashed abroad by Indian citizens and though the Bill provides that remittances have to be in foreign exchange by any person resident outside India, immunity is not granted. Immunity will only be granted from an inquiry into the nature and source, so far as the recipient is concerned. Tomorrow they can ask, "Who is the man who has sent the money to you" And may be that person is benami stashing money in the name of the Indian itself. Assuming it is so, it is only that kind of foreign exchange which foreign exchange is otherwise lost to the country. People will use it for all sorts of purposes, practices, abroad and will never bring it into India. So, let them at least bring in the monies which are otherwise lost to India. And at this juncture, when we are really living from day to day so far as our foreign exchange needs are concerned—we are in such direstraits because of foreign exchange paucity—I think this is a very sensible measure and properly brought about.

Another aspect of the matter is, the immunity, I think, ultimately is granted only for direct taxation because no immunity is granted for any proceedings for any drug activities, criminal activities and activities of terrorism. That is expressly excluded by sub-clause 2(b). So, the only immunity granted is the immunity from direct taxation. I concede it is a concession. But it is a concession against large many irrational provisions which we have been making in our law which are helping our people to stash these monies abroad and do whatever they wish to. This is an opportunity and I am sure, the remittances will accrue. There is another thing I want to point out in the Bill.

The Budget proposals came in July. He is bringing it here two months later. And the time he is allowing is up to 30th November. Now, you must make good these two months. I cannot understand why he took two months. When Parliament has been in Session, you could have brought this Bill earlier. This Bill, by which we could have got quite some remit-

[Shri N. K. P. Salve]

tances, they are bringing after two months. It is very improper. At least extend the time.

And there is one more thing I want to tell you. If you want to make remittances into India attractive for people who are earning abroad and if you really want to impart some further attraction to these remittances, kindly issue exim scrips of 30 per cent of the value as you are issuing to exporters. For what are exim scrips being issued to exporters? Export profits are exempt.

12.00 Noon Still they get 30per cent. exim scrips and those 30 per cent exim scrips are also exempt from taxation in the export profit. (*Interruptions*)

SHRI SUKOMAL SEN (West Bengal): You are trying to open up another avenue for black money.

SHRI N. K. P. SALVE: Mr. Sukomal Sen, you must understand that this is an area into which we want to get the black money for India's benefit. If that principle is acceptable, then really make it attractive. It costs you nothing. Supposing, there are employees in the Gulf. They are doing hawala business and merrily carrying on the same. Is that hawala business not immoral? You cannot control it. No Government will be able to control it. Now if some one remits money a thousand dollars why don't you give him 30 per cent exim scrips? You give it to a man who exports products from India outside the country. But a person who is rendering service, who is carrying on invisible export, if he remits money into India, why should he not get the exim scrips? He must get them. If you really want to make it attractive, give exim scrips to all the remittances into India.

I also want to take the opportunity of reiterating what really we need to do. We need to augment our gold reserves because our foreign indebtedness is very high, very heavy and these few billions of dollars which the IMF and the world Bank are dangling at you and making you go on your knees is hardly the situation one likes to face. Is it better that we go on our knees before the IMF and the World Bank, or we harness the money which is in India? (*Interruptions*).

SHRI ASHIS SEN: They have done it already and they are going to expand it. (*Interruptions*).

SHRI N. K. P. SALVE: I would have never done that. What I would have done is that I would have fallen on my own people. There was 15,000 tonnes of gold in India and whenever we were in difficulty, people stood like one man and gave this money. All that is needed is that the Government should act a little imaginatively. Gold bonds of two types may be issued. I am making this suggestion very seriously. I wish the Finance Minister were also here for such an important Bill. One type of gold bond is, kindly issue gold bond, that is taking gold of 9.90 purity, refundable after 7 years in gold at 9 per cent rate of interest, free of income-tax, exempted from wealth tax and with immunity for enquiry into the source under the Direct Tax laws. The second type of gold bond which the Government should make more attractive is seven years reasonable redeemable bearer gold bonds which should be issued at a face value which should be the market value of gold in India today redeemable in Indian currency after seven years at the then market value and allow 9 per cent interest and to make it really attractive, allow bank rate not exceeding 5 per cent over and above the interest payable on the bond. Give them total immunity from enquiry under the Direct Taxes law. If there is Indian indebtedness, it does not matter. We are in difficulty because we have to meet the debt obligation abroad and we cannot afford to default in that. If you were to do this in your own

country, I mean what I have suggested above, I can assure you, you will have adequate gold. make it known to the people that the gold collected by you would be used for purposes of meeting your obligations on the due date and that there will be no default in the seven years' time. If you only follow a pragmatic policy, if you bring about your own self-sufficiency in petrol and petroleum products, you will have more than enough money with you and you will be able to meet these obligations. Thank you.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Dr. Narreddy Thulasi Reddy.

SHRI SUKOMAL SEN: Where is the black-money-holder's son-in law?

THE VICE-CHAIRMAN: Mr. Su-Komal Sen, Dr. Reddy is speaking. (*Interruptions*).

SHRI N. K. P. SALVE: Sir, I would get Mr. Sukomal Sen and Mr. Ashis Sen to come and give long lectures but nothing comes on that, nothing turns on that *Ad infinitum ad nauseum* we can keep on taking. It will never be remedied.

DR. NARREDDY THULASI REDDY (Andhra Pradesh): Sir, yesterday, I made a grand welcome to the Excise and Customs Amendment Bill. But today, I vociferously protest and oppose this illegal, improper and immoral Bill. This Bill is disastrous and catastrophic to our nation. This Bill will inject immorality into our economic life. This will pollute our economy.

Sir, in a nutshell I can say this Bill is for the black money holders, to the black-money-holders and by.., I hesitate to say. Sir, what are the contents of the Bill? The non-resident Indians can remit foreign exchange to anybody in the country. The source should not be asked. There are immunities and exemptions from the direct tax laws and foreign exchange regulations. Sir, what is it? What a fantastic Bill it is! We are making our economy naked. In future India will become a haven for the black-moneyholders, for the smugglers, for the betrayers of the nation, for the non-patriots. By this Bill we are legalising the kickbacks and commissions. For the last three years the country is facing a financial crisis and the Parliament is rocked by these kickbacks. It has resulted in the fall of a Government. We have forgotten all these things. We are legalising these kickbacks and commissions. In future these kickbacks and commissions will increase day by day. By this we are totally surrendering the nation, the economy of our nation, to the black-money holders, to the looters, to the betrayers of the country. We are giving a grand welcome with a red carpet to these black-money-holders. Sir, what will happen? This black money will be invested in arms smuggling. By this terrorism may increase in future. This black money being converted into white money will be invested in drug-trafficking which will increase in future. This is an incentive to the black-money-holders. Not only an incentive, by encouraging it we are rewarding the black money holders. This is a disincentive to the honest tax-payers. In future even an honest tax-payers may think that he has done something wrong. Is honesty foolishness? So in future he may think some messiah like Dr. Manmohan Singh will come and give relief, immunities and exemptions to his wrong doings. So he will be benefited. This honest tax-payers will also adopt these wrong doings in future. Sir, I agree that our country is having a financial crisis. Regarding balance of payments there is a crisis. Who is responsible for this? The Congress Party which has ruled this country for nearly 40 years is responsible for this crisis today. By its wrong economic policies it has created a mess in the country. Further it is adding some more mess to this mess. For correcting a wrong thing, the Government is doing, com-

[Dr. Narreddy Thulasi Reddy]

mitting more wrong things. It is very unfortunate, Sir. What Gandhiji told us was the objective should be good, the aim should be good but at the same time the ways, the means, the methods, should also be good. But this is contrary to Gandhian principles. In this conection I can suggest encouraging of gold bonds. By gold we can get foreign exchange. With this we can tide over the balance of payments crisis. ... (*Interruptions*)... I am concluding, Sir. By this Bill the names of Dr. Manmohan Singh and Shri Rameshwar Thakur will be written in letters of gold....

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): They represent the Government.

DR. NARREDY THULASI REDDY: Their names will be written in letters of gold in the annals of history of black-money-holders, smugglers, looters, betrayers of the nation, non-patriots and their names will be written in black-letters.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): What is this, Dr. Reddy?

SHRI S.K.T. RAMACHANDRAN (Tamil Nadu): Dr. Reddy is vociferous as he put it in the beginning.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Shri Sukomal Sen wanted to say something. What do you want to say, Mr. Sen?

SHRI SUKOMAL SEN: Sir, as a practical man, Mr. Salve wanted to say how money can be collected from the black money holders. Sir, this issue is a vexed issue and it has been there in the country for three or four decades. You may be remembering that there was the Wanchoo Committee Report on this black money and that Report was very revealing and thereafter there have been many unofficial surveys on black money holders in this country. I am not going into that. What I understand from his position is that these NRIs are indulging in so many activities and earning money. We cannot catch hold of them; we cannot punish them; we cannot pull them up. So, why don't we collect money from them so that we can overcome our financial and foreign exchange crisis to a certain extent?

SHRI VITHALBHAI M. PATEL (Gujarat): All NRIs are not doing this type of business. There are honest NRIs also. Don't blame all.

SHRI SUKOMAL SEN: No, no. I am not blaming all. I am not blaming all Indian businessmen or that all Indian people are indulging in such activities, but a section of them. Sir, after sometime we will be discussing the issue of BCCI. I am not going into that and I am not going into the many details of how black money operates in our country from foreign sources also. Sir, what I want to say is that if you mobilise black money from inside as well as outside, I think it will be, to a certain extent, a threat to the security of our country. Do you want to say something?

SHRI N.K.P. SALVE: If you permit me. That is why, Sir, I referred to clause 3(2) (b) which says that nothing in clause (1) is going to apply to activities which are criminal activities, which are terrorist activities and which are drug activities. So, if with the remittances any of these activities are linked up, no immunity will be given to the recipients. You read clause (2) (b), Mr. Sukomal Sen.

SHRI SUKOMAL SEN: The Government is not going to Press for identification of the source. That is the main thing. So they won't reveal. This has been the procedure for the last many years. Whenever the Government finalises a scheme for mobilisation of black money the Government is providing immunity to the black money holders inside the country. Now, we are giving it to black money holders outside the country. My fear is that it is more dangerous to give immunity to the

black money holders outside the country than giving it to the black money holders inside the country. So, I feel, it will, to a certain extent, open the floodgate of inflow of money from shady people who are indulging in shady deals. At a certain stage of time, these people if they are getting indulgence or getting licence in this way, may do great harm to the security of our own country. That is my point. So, we should not be so liberal with the shady dealers and should not be so tempted to mobilise shady money. That is what I want to say. Thank you.

SHRI VITHALBHAI M. PATEL: Those who invest their amounts do not become shady dealers. Don't blame them as "shady dealers".

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Santosh Bagrodia.

SHRI ASHIS SEN: Before Mr. Bagrodia begins I want to say something. I am seeking his permission.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): He wants a minute.

SHRI ASHIS SEN: Mr. Bagrodia, I am not intervening. I am seeking your permission.

SHRI SANTOSH BAGRODIA: (Rajasthan): I have no objection.

SHRI ASISH SEN: Thank you very much. I only wanted to know by this type of concessions given earlier, Mr. Salve has also pointed out, what the result has been and how much of the black money was laundered or we could mobilise for proper utilisation for the last three decades which has been referred to by him. I would like to know—now you are going abroad—internally what the result has been, if the Minister can give something.

SHRI SANTOSH BAGRODIA: Sir, this Bill has been moved by the Finance Minister and ever since most of the Members on the Opposition side have been objecting to this. In fact, Dr. Thulasi Reddy and some of the other Members have even mentioned that the Bill is immoral, unjust and what not. All kinds of descriptions have been made of the Bill by some of the Members. On the contrary, I feel that the Bill has been brought forward much later, later than what it should have been. It should have been introduced much earlier. In fact, we have come to a point of no return as far as our B.O.P. position is concerned and it is only after this that this Bill has come. I wish this was understood.

Sir, Dr. Thulasi Reddy also mentioned that the Congress (I) is responsible for this crisis. But I would like to ask who is responsible for the phenomenal development in the country during the last forty years. There has been a phenomenal development in the country in spite of the population explosion in the country. Nobody wants to talk about that. They only want to find out some points to say that the Congress (I) is responsible for this and that..... (*Interruptions*)... I would now explain everything and also explain how this situation has come about. Dr. Reddy, it is all because of the mismanagement during the last 1-1/2 years or so.. (*Interruptions*)...

SHRI S.K.T. RAMACHANDRAN: Dr. Reddy, this is necessary for the further development of our country... (*Interruptions*)...

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): The main reason for this crisis is the heavy taxation .. (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Virumbi, you are speaking out of turn. You can wait for your turn.. (*Interruptions*)...

SHRI SANTOSH BAGRODIA: Sir, I think I will have to seek your protection ...(*Interruptions*)...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You don't yield to them. That is all.

[Shri Bhaskar Annaji Masodkar]

Don't get disturbed by their interruptions... (*Interruptions*)...

SHRI SANTOSH BAGRODIA: Sir, Mr. Sen said something and I have to explain. I would request my friends to give me just a few minutes and I will make everything clear to them. The entire situation will become clear to them... (*Interruption*)... Since my voice is not as loud as theirs, I cannot shout.

SHRI VITHALBHAI M. PATEL: You don't mention their names. They don't deserve it... (*Interruptions*)...

SHRI SANTOSH BAGRODIA: Sir, my friend, Mr. Sen, has also mentioned that all the NRIs should be punished for earning money from abroad. I cannot understand this at all. If you earn money abroad, our country does not come into the picture at all and still you want to punish them? This is the greatest fallacy in their thinking. They want to punish only those who are efficient; they want to punish those who want to work twenty hours a day; and they want to punish those who want to produce wealth for our country. They do not want to punish those who are just wasting their time, sitting idle or whiling away their time and trying to waste the wealth of our country which has already been developed, already earned, by the hard-working people of this country. This fallacy in their thinking has got to be understood by all, particularly by the politicians. I am saying this because, unless this is understood, I am sure, we will go on taking about it and the country's problems will not be solved at all. Now, Dr. Reddy wanted to know...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You don't go back to what Mr. Reddy said. You go on your own.

SHRI SANTOSH BAGRODIA: I am not going back, Sir; I am going forward. I am just going to tell what happened after 1989. Why did the situation ultimately deteriorate in a short period of 1-1/2 years? Precisely that is what we must understand. Sir, a tall structure, a tall building, with forty floors, was constructed in forty years by the Congress(I) Government and a very strong foundation was there. But these people, within 1-1|2 years, demolished that building, demolished the entire building. Dr. Reddy, not only in business, but also in other fields, it is the credibility which counts and credibility is the most important thing. The moment the National Front Government came to power, of which you were a part and some of my friends there were a part, said that the treasury was empty, the kitty of the Government was empty. Sir, this was not true at all. They wanted to show to the world that we were helpless. They wanted to tell that everything that was done in the past was wrong. But all this was wrong. Since they were saying this, our credibility was about to be lost. He must know that the moment our credibility is lost, then everbody would start saying that India is not a country which should be helped.

But there were contradictory speeches by the then Finance Minister and the then Prime Minister continuously whether the coffers were empty or not. The attitude at that time was like this—There is a proverb in Hindi:

"चाहे अपनी नाक कट जाये,
दूसरे का अपशकुन जरूर होना चाहिये।"

So, in the process, they also had fallen in a short period of one year because they did everything possible so that whatever had been done during the last 40 years was undone. And because of this policy during that period, the country also went backwards. Sir, in this connection, I will give just a few figures for the information of my friends here. Sir, people say that after our hon. Shri Rajiv Gandhi became the Prime Minister in 1984-85, he was just wasting the foreign exchange of the country

in a haywire manner. I would just like to give the figures. In 1984-85, when he took over, the foreign exchange reserves were Rs. 6,816.8 crores which went up and up later. In 1985-86, it was Rs. 7,384 crores; in 1986-87, it was Rs. 7,645 crores. In 1987-88, it was slightly reduced to Rs. 7,287 crores. And thereafter if you go to 1989-90 when they took over, in the last four months suddenly the foreign exchange reserves went down to Rs. 5,787 crores, which was the position in March, 1990. And if you compare what has happened in the last year of Congress rule to the one year period of the NF rule—April onwards of 1989 and April onwards of 1990—you will find that in the month of April, May, June and July onwards of 1990, there was a shortage of foreign exchange by 13.6 per cent, 10.2 per cent, 11.8 per cent, 11.2 per cent; only in the month of August, 1990, there was a surplus of 15.1 per cent, and again it went down by 7.8 per cent, 25.9 per cent, 37.7 per cent when compared to the corresponding period of the earlier year. And at the end of the NF rule, in December, it went down by 5.92 per cent when compared to the earlier period of 1989-90. Sir, this was the situation, this was the kind of mismanagement that this Government did. And it is our Government which has to face the music today of all the mismanagement that was done by them at that time. Sir, here I would also like to give another set of figures. In 1990-91 the imports increased by 21.9 per cent whereas the exports increased by only 17.5 per cent. The trade deficit increased by 38 per cent. That means, the trade deficit at that time was Rs. 10,644 crores. This never happened during the Congress rule. Sir, the foreign currency assets held by the RBI declined by Rs. 1399 crores despite the BOP support from the IMF. Sir, during all this period, only politically motivated populist steps were taken for their short-term political gains. The interest of the country was the lowest in their minds.

Sir, coming to the Bill, when we talk of immunity or when we say why immunity is to be given, the point is, if we do not give the immunity, do you think people will bring the money and go to the jail themselves? Let us be practical. If you want foreign exchange, either from the NRIs or the non-NRIs or whoever it is, if you want it, take it. And you have to give them complete freedom. If you just tell them that you get us the money and we will put you in the jail and we will question you, how can it be? Infact, in spite of this Bill, there is a feeling, still there is not enough confidence in the minds of those who are going to get the money back to the country. There is a feeling that the NRIs may bring the money here but will the authorities not look at them with suspicious eyes in later years? (*Interruption*) We need foreign exchange. Anybody who is going to bring it, we should welcome him with open arms. That is the basic theory. I would rather request the hon. Minister to find out ways by which this suspicion in the minds of the individuals which I mentioned can be further reduced or completely removed.

Sir, a lot of foreign currency is coming to India in the form of tourists bringing in money here. And they are exchanging the dollars or whatever it is in the open market in the country itself at a much higher rate. Sir, our Salveji mentioned about the hawala transactions. The newspapers mentioned only yesterday that in the hawala transactions, the dollar rate is much higher. I would rather request the hon. Minister to make the Indian currency floating so that the adjustment of prices is automatic. Let us have proper computation, and let us know the real value of the rupee. Why do you have an artificial value? So all this tourist's money, I recommend, should be allowed to be deposited at the bank at the open market rate, so that a lot of foreign exchange will come, otherwise all this

[Shri Santosh Bagrodia]

money is changing hands and the Government is not getting any benefit out of it.

Sir, we also talked about NRI investment earlier. I have already told the hon. Finance Minister that I have no objection to NRI investments. I have an open mind on this. But I will request that there should be a definite clause, a definite rule, by which they do not buy away the existing industries, they do not earn there and buy away all the industries in the country because it is much easier for them to buy well established industries of Indian citizens who are living here for the sake of the country.

Sir, you must make it a rule that only they can invest in new industries of whatever type. Many people will invest only in high-tech. I say let them put up industries of whatever type they want to, but they must put up new units so that it generates production and it generates employment. There is no question of changing hands on this. That kind of foreign exchange is not going to help us.

Only one or two minutes more, Sir.

For this kind of liberalisation, the period I understand, is a very short period. The period is probably a few months only. As Salveji said, it has taken two months to bring that Bill. Well, I beg to differ with that. If it were one month earlier or one month later, that is not important. We must extend this period. We must give enough time to generate confidence in the minds of those who are going to bring money. Six months or three months or eight months is not just enough period. I request you to give at least one, two or three years' trial and see what kind of foreign exchange we can really get out of this. After this if it is successful, it continues. If it is not successful we can always make amendments.

With these words, Mr. Vice-Chairman, Sir, I thank you very much.

SHRI S. VIDUTHALAI VIRUMBI: Mr. Vice-Chairman, Sir, thank you for having given me this opportunity to speak on the Bill relating to the remittances of foreign exchange and investment in foreign exchange bonds to provide certain direct tax exemptions to persons receiving remittances in foreign exchange.

I think this is one among the emergency measures to deal with the situation caused by the balance of payments crisis. Mahatma Gandhi emphasized on the means as equally as the ends. Machiavelli's policy was different. According to the Mahatma, the mere ends would not justify the means.

The hon. Member on the other side says that due to the National Front rule all this has come down. This is what the hon. Member said just one minute before. Before I go to the problem, I want to reply to the issues raised by the hon. Member. How has this situation arisen? For that I tell you, Sir, what is the background we must see. The Budget deficit was 0.5 per cent of the national income in 1970-71. After ten years, it was 1.3 per cent and it was 3.5 per cent in 1989-90. The rise in the consumer price index averaged at 6 per cent in sixties, it was 8.5 per cent in seventies, it was 9.8 per cent in eighties, it was 13 per cent in the first year of nineties and 15.2 per cent during the last year. Our share of the world export which stood at 2.5 per cent in 1947 declined to 0.4 per cent in 1989. India's share of the world industrial production has declined from 2 per cent to 0.6 per cent. Our share of world GNP has slipped from 2 per cent to less than 1 per cent.

Our domestic debt increased between 1980 and 1989 six-fold from Rs. 48.450 crores in 1980-81 to Rs. 2,80,000 crores in 1990-91. Our external debt in 1989 itself exceeded Rs. 1,56,000 crores, according to the World Bank Report 1991.

The trade balance between 1980-81 and 1984-85 was Rs. 28,580 crores and from 1985-86 to 1989-90 it was Rs. 38,715 crores. If you total both, it will come to more than Rs. 65,000 crores. This we have to take into account. Our internal payment in 1985-86 was Rs. 7512 crores and during 1991-92, Rs. 27,450 crores.

Now I feel the hon. Minister will agree that in eighties because of the policies changed by the Congress Government, because you have changed the policies to borrowing from taxation, we have arrived at this kind of a conclusion. You have to go through this Bill. What has been brought here for consideration, I want to tell him. We know very well about the practice going on in this country about over-invoicing and under-invoicing. But here the ill-gotten wealth would be legalised. This Bill will help to launder the black-money, utilising the legislation, people with vested interest living abroad may send money to India from abroad for anti-social activities. In that case the integrity and sovereignty of our country would be in jeopardy. Nobody can be booked for violation of FERA after this Bill is passed. This Bill is nothing but condoning corruption. I want to give only one positive aspect of it. Instead of this, what I feel is some entrepreneurs, we are told, decided to shift their business from Hongkong due to the political development expected to take place in the coming years. Therefore, our country may try to get and see that the people who want to come out from Hongkong may invest in India. In such things they can concentrate, instead of condoning corruption. More or less, I am sorry to say, that we ourselves are inviting another East India Company to India.

SHRI S. MADHAVAN (Tamil Nadu): Sir, the intention of the Bill is to attract foreign exchange from crores of Indians living abroad. If anybody inside the country is involved in immoral and illegal activity, under local law we must take action against him. I would like to point out some difficulties of NRIs living abroad. Crores of people of Indian origin living all over the world must be contacted by Indian missions by our Indian Nationalised Banks, to invest their foreign exchange in India to help the economic development of our country. There are some difficulties for the NRIs. Interest rate given by the Government of India varies from currency to currency. We give more interest for sterling currency. I do not know what is the rationale behind it. There must be some reason. I want to point out that people of Indian origin living in various countries are reluctant to bring other currencies because they have to suffer difficulty in conversion; they lose money on conversion. I request the Finance Minister to look into this aspect. Wherever possible, Indians living in large numbers in other countries must be allowed to bring their money in their own currency.

Another difficulty they face is, for whatever money they deposit in the banks at places where they live in foreign countries, only our banks from India are issuing receipts for those deposits...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Finance Minister, he is drawing your attention.

SHRI S. MADHAVAN: People of Indian origin living in foreign countries who want to remit their money through banks located in those countries, are able to get a receipt for those deposits only from the banks in India. Those deposits are passed on to nationalised banks or foreign-based banks in India who issue receipts in India according to the law of our country, and there is a mention on the receipts that this is subject to any change in law in India. This is the fear that has been created in the minds of people of Indian origin. I raised this matter with the earlier Finance Minister also. Re-

[Shri S. Madhavan]

cently, the Government of India issued an order permitting only four banks; I don't know the names of those banks; and these four banks can issue receipts according to law of the land where they are situated. My request is that the Government must allow all our Indian nationalised banks having branches abroad to issue receipts for the money they receive from people of Indian origin, according to the law of that country. I have one instance to quote with regard to foreign currency receipt. A person of Indian origin living for many years in other countries brought money here And the nationalised bank has attached the receipt of that NRI though the receipt stands in his name because somebody went to the court and was able to get orders for attachment of that deposit. So, our law permits it. The result was that he had a heart attack and even now he is in the hospital. My request is that such foreign currency deposits from people of Indian origin who send this money to help in our economic development, must not be subject to the law of this country, the law permitting attachment in civil proceedings.

Then about the foreign-based banks. These banks are able to given more interest to attract deposits from people of Indian origin. Why is it not possible for our nationalised banks, I don't know. This must be looked into.

Another aspect is with regard to proper publicity and facilities that are offered to people of Indian origin. This publicity is not enough. Only in some countries, people of Indian origin are able to know about our schemes. Indians living in foreign countries are not even able to contact the branches of our nationalised banks there; even our missions abroad are not able to give this information. But banks in foreign countries are able to know of such schemes and they invite deposits from people of Indian origin quoting concessions given under this Bill. I don't know why our Indian nationalised banks are not doing it. I request the hon. Minister to look into this aspect also. Thank you.

श्री रजनी रंजन साहू (बिहार) : उपसभाध्यक्ष महोदय, आज देश का सम्पूर्ण इकानोमिक सीनरिओ बदल गया है। हमने चतुरमुखी उद्योग नीति दी है और साथ ही एक सुदृढ़ व्यापार नीति भी दी है। इस संदर्भ में भुगतान संतुलन को सुदृढ़ करने हेतु सरकार के इस कदम की मैं सराहना करता हूं और इस बिल का समर्थन करता हूं।

बहुत-सी बातें पक्ष और विपक्ष में कही गई हैं और आरोप और प्रत्यारोप के बीच में यह चल रहा है। मैं उन सब बातों में नहीं जाना चाहता हूं। मैं कहना चाहता हूं कि आज इस बिल ने यह मार्ग दिया है कि जिन्होंने अपना धन विदेशों में रखा है उसे वे अपने देश में ले आयें। अब प्रश्न यह है कि विदेशों में रखा हुआ धन कहां से आया, कैसे आया और क्यों आया। अनेकों प्रश्न इस संबंध में उठाये जा सकते हैं। पर वास्तविकता यह है कि जैसा कि साल्वे जी ने कहा, इस देश से काले धन की समाप्ति नहीं की जा सकती है। आज यह अन्दाज किया जाता है कि 58 हजार करोड़ रुपये का काला धन प्रति वर्ष उपार्जित होता है। मैं मंत्री महोदय से यह जानना चाहूंगा कि क्या सरकार ने यह आकलन किया है कि इस रिमिटेन्स बिल के जरिये कितना धन इस देश में आएगा। काले धन को सफेद करने की बातें और योजनायें सरकार हमेशा बनाती रही है, परन्तु कहीं न कहीं कानून में हम लूपहोल्स छोड़ देते हैं जिससे काले धन को सफेद बनाने या इस तरह के बिल से रिमिटेन्स लाने के प्रयास में हम असफल होते रहे हैं। सरकार को काले धन की गंगोत्री को रोकना होगा... (**व्यवधान**) जमुनोत्री बाद में आएगी। पहले तो गंगोत्री को रोकना होगा। आज स्थिति यह है कि ओवर इन्वोइसिंग और अन्डर इन्वोइसिंग का एक लम्बा सिलसिला

चल रहा है जिसके जरिये विदेशों में और देश में काला धन उपार्जित होता है। उसको रोकने के लिए ठोस नीति बनानी पड़ेगी क्योंकि जब तक इसमें रोक नहीं लगाई जाएगी, हम कोई भी बिल लायें और बिल लाते रहेंगे, इस काले धन का रुकना और उसका जो क्रिटिसिज्म चल रहा है वह नहीं रुकेगा।

हमने अपनी नई नीतियों में, औद्योगिक नीति और व्यापार नीति में बहुत से इम्पोर्ट्स पर रोक लगाये हैं। लेकिन एक तरफ हम इम्पोर्ट पर रोक लगाते हैं और दूसरी ओर ओ०जी०एल० की लिस्ट भी तैयार करते हैं और कभी ओ०जी०एल० में कमी करते हैं और कभी बढ़ा भी देते है। मेरी समझ में नहीं आता कि यह बैलेंस आफ पेमेन्ट जिसको बढ़ाने की इस बिल के जरिये हम कोशिश कर रहे हैं और यह चाहते हैं कि बैलेंस आफ पेमेंट की स्थिति सुदृढ़ हो, उसमें हम कहां तक सफल हो पाएंगे। हमारे देश में बहुत से ऐसे उद्योग हैं जिनके जरिये हम इम्पोर्ट्स में बिलकुल कटौती कर सकते हैं और जो कच्चा माल हम विदेशों से मंगाते हैं उसको अपने देश में बना सकते हैं। उस ओर हमारा ध्यान जाना चाहिये। इसकी वजह से भी हम अपने देश में अपने को मजबूत कर पायेंगे। यहां पर हमारे वित्त मंत्री जी बैठे हैं। वे स्वदेशी की भावना से ओतप्रोत रहे हैं। अब पता नहीं उनके विचार इस बारे में वही हैं या उनमें बदलाव आ गया है। जब तक अपने देश की औद्योगिक नीति को, इम्पोर्ट टोटली बंद तो नहीं किया जा सकता है, आवश्यक चीजों के इम्पोर्ट को छोड़कर, जिन चीजों को हम अपने देश में बना सकते हैं उनका उत्पादन यहीं करें उन्हें बाहर से बिल्कुल न मंगाये, जब तक हम ऐसा नहीं करेंगे हमारे बैलेंस आफ पेमेंट का सिलसिला जो है वह रुकेगा नहीं। मैं वित्त मंत्री जी को दो उदाहरण दे सकता हूं। इस देश में जिन चीजों को इंडियन कंपनी बनाती हैं, मल्टीनेशनल कंपनियां उनको इम्पोर्ट करती हैं और कस्टम ड्यूटी में भी उनको रिबेट मिलता है, जिसकी वजह से सामान भी सस्ते दामों पर बेचते हैं। इससे सारे देश के उद्योग मारे जाते हैं। ऐसा बहुत सारे उद्योगों के साथ हो रहा है। इसलिये इस नीति के बारे में सरकार को देखना पड़ेगा।

महोदय, इस बिल के सेक्शन 3 में बौंड के बारे में कहा गया है। पिछले दिनों में हमने बियरर बौंड चलाये थे। शायद वित्त मंत्री को पता होगा कि उसमें अभी तक हमको सफलता नहीं मिली है। इसमें यह जो रेमिटेंस बौंड खरीदने की योजना बनाई गई है यह कहां तक सफल होगा, इस बारे में भी काफी मुस्तैदी और सतर्कता बरतने की आवश्यकता है। महोदय, मैं एक सुझाव भी मंत्री महोदय को देना चाहता हूं कि रेमिटेंस इनवेस्टमेंट में तीन साल का लाकिंग पीरियड है। यानी एक कंपनी दूसरी कंपनी में इनवेस्टमेंट के तीन साल तक अपना धन ट्रांसफर नहीं कर सकती है। जब ट्रांसफर करना चाहेगी तो उसे आर०बी०आई० की परमिशन लेनी होगी। आर०बी०आई० ने प्रमुख तीन कंडीशंस रखी हैं कि शेयर की वेल्यू क्या है, शेयर किसको ट्रांसफर होगा और शेयर कब ट्रांसफर होगा। उपसभाध्यक्ष महोदय, आज की बदली हुई परिस्थिति में और बदली हुई हमारी उद्योग नीति में जब कि हम विदेशी कंपनियों का इनवेस्टमेंट 51 प्रतिशत लाना चाहते हैं, यह तब था जब कि 25 प्रतिशत इनवेस्टमेंट था लेकिन जब हम 51 प्रतिशत इनवेस्टमेंट कर दिया है तो इस कंडीशन में जो भी कंपनी इनवेस्ट करेगी वे इनकरेजमेंट चाहेंगी और चाहेंगी कि कम से कम उस पर रेस्ट्रिक्शंस न लगाये जायें और नई कंपनियों में इनवेस्टमेंट ट्रांसफर के लिये तीन साल का लाकिंग पीरियड कम से कम एक साल कर दिया जाय, ऐसा नहीं होने से नई कंपनियों में इनवेस्टमेंट होगा, ही नहीं। तो इन सुझावों के साथ मैं इस बिल का समर्थन करता हूं और वित्त मंत्री जी को बधाई देता हूं, हालांकि यह बिल पहले लाना चाहिये, आज लाये हैं और अवधि के

[श्री रजनी रंजन साहू]

बारे में हमारे माननीय सदस्य साल्वे जी ने जो जिक्र किया है, आशा है कि उस ओर ध्यान देंगे और इस बिल के जरिये जो रेमिटेंस होगा उसका भी आकलन करें ताकि बिल का कुछ फायदा हो ।

SHRI JAGMOHAN (Nominated): Mr. Vice-Chairman, Sir, I do not want to repeat the points which have been made. I will confine myself to three general observations.

The first is, to me, this Bill appears to be the product of the closure of the Indian mind. The Indian mind, in my view, is closed. It is not creating any new ideas. It is not thinking on constructive lines. It is just imitating. The very fact that we cannot think of any constructive and creative measures to meet this problem shows that our mind is closed; the Indian mind is closed.

This is the first observation I would like to make.

The second point is that the problems with which this country is faced, whether they are in the field of political, economic or social life or in the realm of values, these problems are such that India need a very strong reform and regeneration movement. It is a sort of reconnaissance which will rebuild this nation and this Bill is totally against the spirit of that reform. It will further strangulate the atmosphere of reform and regenaration which is needed in this country. This is the second general point I want to make.

The third is that the nation should think very seriously whether you want to become something like a Latin American country or you want to be a mighty country, with mighty ideas, with new thinking, working on new lines, talking of new paths. What is the inspiration from our forefather, what are our fundamental objectives, what is our motivation? Should we be mighty in action and mighty in thought or, as Panditji once said, would you just like to be imitating, always taking easy option, taking the line of easy suggestions and trying to solve the problem which really does not solve it, rather it accentuates the problem? Once we thought of giving concession to black money in the Indian economy. We thought we would be able to make some constructive development, but it did not happen, it only increased the amount of black money. Once we compromise with the evils, there is no end to it. We may have some temporary gain, but in the long run it kills the spirit of the nation. All our institutions today, whether it is the executive of Parliament or judiciary or Press, they have lost the underlying motivation, they have just been reduced to bones. That spirit has gone. Similarly, I think this Bill shows that we have made an expediency of our guiding stars, not our principles.

I would not like to say anything more on this except that this country should think seriously whether we are incapable of finding new solutions, incapable of thinking originally, coming out with creative and constructive ideas, instead of compromising with evils.

Mr. Salve, a distinguished Member of this House, said it was a very sensible proposition. To my mind, what is indefensible cannot be sensible.

SHRI GOPALSINH G. SOLANKI (Gujarat): Mr. Vice-Chairman, I would like to draw the attention of the Government to some specific points. This Bill is meant to provide certain immunities to the persons recieving remittances in foreign exchange and to persons owning the Foreign Exchange Bonds and for certain exemptions from direct taxes in relation to such remittances and bonds and for matters connected there with or incidental thereto. In this connection I would like to refer to clause 3(b) which says:

"No inquiry or investigation shall be commenced against the recipient under any such law on the ground that he has received such remittance."

Clauses 3 and 4 relate to the immunity. Clause 7 also says:

"Without prejudice to the generality of the provisions of section 6—

(a) the provisions of the Income-tax Act, 1961, shall not apply to any interest accuring in relation to the Foreign Exchange Bonds;

(b) the provisions of the Wealth-tax Act, 1957 shall not apply in relation to Foreign Exchange Bonds.

(c) the provisions of the Gift-tax Act, 1958 shall not apply where any non-resident Indian becomes a resident in India and makes a gift of the Foreign Exchange Bonds."

The provisions of this Bill will facilitate dishonesty to come in. Immunity from paying direct tax would also help black market.

Particularly, there is immunity so far as the source of such money is concerned, and it is not bound to be disclosed by any person who is the recipient of such money. Thereby, I think, it is going to reward dishonesty. Not only that but we are going to give a red-carpet treatment in welcoming people who had cheated this nation for years together by concealing those particular taxes whereas those who had paid the taxes are going to be discouraged .

This Bill will also promote people who have violated the economic rules of the nation and those who are not patriotic. It will even mobilize black money. It is also said in some of the newspapers that some politicians, bureaucrats and businessmen have siphoned off and not less than 28 billion dollars by underinvoicing and overinvoicing between the years 1981 and 1989. Now this money is going to come out in the form of foreign exchange. Not only that but it will promote dishonesty instead of honesty. We had also seen during the reign of Mr. Pranab Mukherjee how 14, 15 fake companies were introduced and such money which was stashed away in foreign countries is now going to come out by the introduction of this Bill. So, may I ask the honourable Minister what he is going to gain now? It is nothing except that those who are siphoning off money to foreign countries and those who are doing *hawala* business, particularly, are going to be benefited. The people who will be coming here from foreign countries will have their expenditure here, and for that they will bring money here, of which also the sources are not going to be disclosed.

Therefore, this Bill is not particularly going to improve our economic condition and so this Bill is much criticizable. That's all, Mr. Vice-Chairman, thank you.

SHRI VITHALBHAI M. PATEL: Mr. Vice-Chairman, Sir, I was listening to Mr. Solanki who was speaking as if those who are going to invest in these Bonds, the non-resident citizens of Indian origin, are dishonest people. Mr. Solanki, do you think that the Gujaratis who are staying abroad are dishonest people?

SHRI GOPALSINH G. SOLANKI: I don't say like that but those who are investing in the form of foreign exchange are going to be benefited by black money.

SHRI VITHALBHAI M. PATEL: You don't know. The Gujaratis are doing hard work all the 24 hours and after that they are getting foreign exchange. And those who are going to invest here, how can you say that they are black-money holders? They have earned money abroad. The Government, where they think it is necessary, will take care of them. Who are you to blame them that they are all black-money holders? So don't

[Shri Vithalbhai M. Patel]

before they invest the money, give them a bad name, for God's sake.

SHRI GOPALSINH G. SOLANKI: I am not saying that but that investment of this type of money will be giving immunity to those people.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Solanki, you have finished, you please sit down. Mr. Patel, you address the Chair, not the honourable Member.

SHRI VITHALBHAI M. PATEL: Supposing even one per cent of such type of people are there, what are you going to do? You have already lost the money. We are going to get it back and there is nothing wrong in it. So, I think there is nothing wrong in this Bill.

But the Government should have done a simple thing. Instead of putting in so many provisions, in simple words they could have said that anybody is allowed, and whoever wants to invest in the Bonds or gold or anything, straightway you allow them to invest the money. You are allowing companies to invest 51 per cent multi-national companies which want to invest and you are not going to ask them from where they have got the money. Here in clause 6(1) (a) you say:

> "...shall be required to disclose, for any purpose whatsoever, the nature and source of the investment in such Bonds."

1.00 P.M.

Suppose my relatives are staying abroad, my brother is staying abroad and a number of other relatives are staying abroad. If somebody sends a few dollars to me, you will ask me "From where did you get it? How have you earned it?" That is not fair. You should not ask about it. Those who are getting money from abroad, should not be asked from where the money came You have nothing to do with that money because if they have not paid income-tax, the government abroad will take care of them. You have no business to ask them anything.

Mr. Sukomal Sen was bitterly critical about it. But Mr. Jyoti Bosu is trying to persuade non-resident Indians to invest in West Bengal. Do you think that Mr. Jyoti Basu is persuading dishonest people to invest in West Bengal?

SHRI SUKOMAL SEN: That is not the point. Why do you misunderstand me?

To the NRI's investment nobody objects.

SHRI VITHALBHAI M. PATEL: What was your whole speech?

SHRI SUKOMAL SEN: To shady money I object.

SHRI VITHALBHAI M. PATEL: To say that those who are going to invest in bonds are dishonest is very unfair.

SHRI S. VIDUTHALAI VIRUMBI: The NRI investment is something totally different from black money.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Virumbi, please. Let us listen to him.

SHRI S. VIDUTHALAI VIRUMBI: But he is confusing the issue, Sir.

SHRI VITHALBHAI M. PATEL: You are confused because you cannot understand it.

SHRI S. VIDUTHALAI VIRUMBI: The NRI's investment is totally different from black money. (*Interruptions*)

SHRI VITHALBHAI M. PATEL: Those Tamilians who are investing in bonds or dishonest people—do you mean to say that?

SHRI S. VIDUTHALAI VIRUMBI: We are not against investment by the NRIs. We are against black money.

SHRI VITHALBHAI M. PATEL: Non-resident Indians are going to invest. Nobody else is going to invest in this.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You speak on the Bill. Don't speak on the speeches.

SHRI VITHALBHAI M. PATEL: We have not to bother much about it. It should be a simple Bill. I know a number of people from Gujarat are staying abroad.

Some time back I had been to Tanzania. The President was Mr. Julius Nyerere. He invited me for tea. I said, "This very beautiful, flat, fertile land is barren. Nobody is cultivating the land. If you invite Indian farmers, they will cultivate it." He said, "Yes, I am prepared. But one condition is that you will not be allowed to take away to India a penny from whatever you cultivate and earn from it." I asked, "Why should they come here and do labour? At least, whatever they export, of that, you allow them to take 50 per cent to India. Then, they will come." He said, "No. From my country I won't allow a penny to anybody, any foreigner to take." That is why Tanzania is the poorest country today. Even though there are good lands, they cannot do any thing with them.

The Indians who have gone abroad, have done hard work like the Americans. There are no native Americans in America. Those who were in difficulties in Europe and other countries, even Russia, went to the USA because they were in very difficult conditions. They have done hard work and built up America. So, those who are staying abroad,. are doing much more hard work than we do, and if they are investing here they should be encouraged, and the period should be increased.

Thank you.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): Sir, I thank all the hon. Members who have taken part in this debate and have made a number of points and a good deal of constructive suggestions also.

There are certain ideas which need to be clarified as has been requested by some of the hon. Members.

The first thing that I would like to make here, so far as the provisions of the Bill are concerned, is about what Shri Bhandare and some other friends asked in regard to the operation of the Bill. This Bill provides a wide range. Those NRIs who want to bring in foreign exchange, also those Indian citizens who have money abroad and want to bring in that money and also those corporate bodies who want to bring in money here, are entitled to bring in the money.

In his opening remarks on foreign exchange in his Budget speech at page 25-26, the Finance Minister has said that the Government recognises the existence of large-scale evasion. This is an international phenomenon. India also recognises this. Before coming down heavily on tax-evaders, we would like to give them a last opportunity to come clean. With this in view we have come forward with this scheme. Under this scheme. the NRIs and other Indian citizens who have got money abroad can bring in the foreign exchange remittances. We have given them immunity in regard to direct taxes laws i.e. income-tax, wealth-tax, gift tax and some related laws on foreign exchange, but as has been mentioned by Shri Ashis Sen. Shri Sukomal Sen and Dr. Reddy, I want to make this very clear. These immunities and exemptions do not include immunities from prosecution of any offence punishable under Chapter 9 or Chapter 8 of the Indian Penal Code of 1960, the NDPS Act of 1985, the Terrorists and Disruptive Activities (Prevention) Act, 1977, the Prevention of Corruption Act of 1988 or

[Shri Rameshwar Thakur]

any act for the purpose of enforcement of any civil liability. Therefore, Members should not have any apprehension. This legislation gives immunities only so far as the tax laws are concerned so that those NRIs and other Indians who have got money abroad, if they want to bring in foreign exchange, they can do so. The principle of expediency was raised by Jagmohan Ji. The position the new Government inherited in regard to foreign exchange was a very difficult one. If positive steps were not taken in regard to structural changes in economic policy, industrial policy, trade policy, and fiscal policy, it would have been very difficult. India could have been declared a defaulter and there could have been a lot of problems. In many of the Latin American and East European countries, we find the financial and economic position is not merely a political one. Even in big countries like USSR, the economic part should be clearly understand. Therefore, this measure taken by the Government is an opportunity given to those who want to bring their unaccounted for money—both Indian and foreign—into the mainstream.

SHRI ASHIS SEN: I do not want to interrupt him in this way. He has mentioned that we should not become a defaulter, but the manner in which it is being done, instead of preventing a default, we are making our country insolvent.

SHRI RAMESHWAR THAKUR: I think the hon. Member is not very much aware of the situation. In the last two and a half months our financial position has stabilised. We used to have an outflow of Rs. 150 crores to Rs. 200 crores per week even from the NRIs. This has been stopped and there has been a positive response now. We are stabilising the economic situation in our own way. We know the obvious difficulties that are there. It takes time to bring about positive results in economic measures.

Therefore, the assertion of Mr. Sen is possibly ill-construed. We are introducing this scheme not for the first time. So there is no question of any alarm. The question is that such schemes were brought in the past also. For example, Voluntary Disclosure Scheme was brought immediately after independence, in 1951. The additional income and revenue collected out of that scheme was Rs. 81 crores. The second and the third Voluntary Disclosure Schemes came in 1965. Out of the second scheme, we have collected Rs. 82-98 crores and out of the third scheme we have collected Rs. 164.45 crores.

The Voluntary Disclosure Scheme on income and wealth was brought in 1975. Here also we had a net income of Rs. 746.7 crores and the net wealth declared was Rs. 841.72 crores.

Again in 1981 the Special Bearer Bonds Scheme was brought and it remained up to the end of 1982. We have got about Rs. 946.26 crores. The present scheme which we have brought also comes in these series. But we have taken into consideration certain difficulties which were there in the past schemes. We have tried to make them as simple as possible and more clear so that those who want to bring in money, they can do it in good faith and there should not be any difficulty and any impediment in the implementation of these schemes either for those who want to invest or even for the administration.

Hon. Members, Mr. Sen, Dr. Reddy, Mr. Patel and other friends have rightly said that there are very important NRIs and other Indians who have still got the Indian citizenship and who have gone for a short period working in universities, business, trade and scientific institutions. They are doing very commendable work. They have earned good money abroad with their intelligence, with their hard labour and preseverance. We should be proud of such Indians who are abroad and who have

brought a very good name to the country. We are giving this genuine incentive to those people who are capable of bringing such money to India particularly in the hour of need.

I would like to say that only a few days back our hon. Chief Minister of West Bengal, Shri Jyoti Basu was good enough to say that we should encourage NRIs and other Indians to bring foreign exchange to India for its growth and development. Therefor, friends, such a laudable cause should not be misunderstood for certain reasons which are not apparent, which are not clear and which are not correct.

I have also to mention that this scheme is for a short period. This scheme is not of a permanent nature Mr. Jagmohan was saying. He also talked about principles. We know our principles well. Our policies are framed on principles. which we inherited from Gandhiji, Panditji, Indiraji, Shastriji and also our late Prime Minister, Shri Rajiv Gandhi. In fact, the economic structural changes, policy changes which we have brought about are contained in the election manifesto of our party. It was approved and released by the late Shri Rajiv Gandhi. It is a fulfilment of his vision and foresight which we have tried to translate into action. They are giving us results gradually. We are hopeful of achieving good results.

Hon. Members, Mr. Sahu and Mr. Bagrodia have said that this scheme will come to a close on the 30th November, 1991 which is a short period. In recognition the supermacy of this House and the other House, I must say that the provisions of this Bill will come into effect after the enactment of the Bill.

The speech made mentioned 'with immediate effect.'. We have waited. But the time given, initial time given, is up to 30th November. The enabling clause is there. We shall watch the performance and the Government will take a view after watching the performance. There should not be any apprehension in regard to that.

SHRI R. K. DHAWAN (Andhra Pradesh): Whose performance will you watch?

SHRI RAMESHWAR THAKUR: We will watch the performance of the inflow of funds, the performance of the schemes that we have launched.

An enquiry was also made in regard to the bonds and the remittances. I would like to mention about the bonds. The provisions in regard to the bonds are to the effect that the interest accruing less than the foreign exchange bonds would be exempt from the Income-tax Act. There was another apprehension expressed by one or two hon. Members that the investments in bonds would be subject to income-tax. I would like to point out that investments in bonds can be made only by NRI and OCB investors. Various immunities from taxes have been assured under clause 6 of the Bill. Since investment in these bonds cannot be made by persons resident in India, the question of granting exemption for for investment in bonds to persons resident in India does not arise. However, persons resident in India can receive these bonds as gifts and clause 6(1) extends immunity to the donee regarding the source of the gifts. The donner is also exempt from gift tax.

Also, suggestions have been made by Mr. Sen, Mr. Salve, Mr. Bagrodia and Dr. Reddy in regard to gold bonds. I would like to mention that these suggestions are very valuable and the Government will give due consideration to all the suggestions.

With these words, I commend that the Bill be adopted.

SHRI ASHIS SEN: Sir, just allow me a moment. (*Interruptions*). Mr. Thakur has made a mention of Mr. Jyoti Basu in relation to the encou-

[Shri Ashis Sen]

ragement of NRI investment. Did he suggest amnesty being given to persons having illegal money and laundering black money? (*Interruptions*). Did he make that suggestion? The name of Jyoti Basu in this context has a significance. That is why I raise this point. (*Interruptions*).

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please sit down.

Now I shall put the motion regarding consideration of the Bill to vote.

The question is:

"That the Remittances of Foreign Exchange and Investment in Foreign Exchange Bonds (Immunities and Exemptions) Bill, 1991, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): We shall now take up the clause-by-clause consideration of the Bill.

Clauses 2 to 7 were added to the Bill.

Clause 1, the Enacting Formula, the Preamble and the Title were added to the Bill.

SHRI RAMESHWAR THAKUR: I move:

"That the Bill be returned."

The question was put and the motion was adopted.

The Special Protection Group (Amendment) Bill, 1991.

THE VICE-CHAIRMAN: We now proceed to the Special Protection Group (Amendment) Bill, 1991.

THE MINISTER OF HOME AFFAIRS (SHRI S. B. CHAVAN): Mr. Vice-Chairman, Sir, I beg to move:

"That the Bill to amend the Special Protection Group Act, 1988, as passed by the Lok Sabha, be taken into consideration."

As the hon. Members are aware, the existing Special Protection Group Act, 1988, provides for security cover only to the Prime Minister in office. After the unfortunate assassination of late Shri Rajiv Gandhi, former Prime Minister, many of the hon. Members have demanded that the Special Protection Group security cover should be provided to the members of the family of late Shri Rajiv Gandhi in view of the fact that they are under a high risk of security. The Government considered the matter and the Special Protection Group (Amendment) Bill, 1991, was introduced in the Lok Sabha which was aimed at amending the Special Protection Group Act in order to cover the family of late Shri Rajivji. However, some of our hon. Members had expressed the opinion that no distinction between the assassinated ex-Prime Minister and the living Prime Ministers should be made. Honouring the views expressed by the hon. Members in this House, the Government has reconsidered the Bill and it has now proposed to amend the SPG Act in order to cover the former Prime Ministers. The Government has decided that the SPG cover may be provided to the former Prime Ministers and members of their families for a maximum period of five years from the date of their demitting the office of Prime Minister. Time is a great healer and it is expected that with the lapse of five years the threats will recede and will become less imminent and could be dealt with by non-SPG security cover. Sir, I hope the proposed amendment will meet the aspirations of a large number of people who have expressed their serious concern about the security of former Prime Ministers and members of their families. I commend this Bill for the consideration of this august House.